

Export Forecasts for Agricultural, Fishery & Solid Wood Products

Initial FY '04 AgTrade Projections

Exports = \$57.0 Billion

Imports = \$47.5 Billion

Surplus = \$9.5 Billion

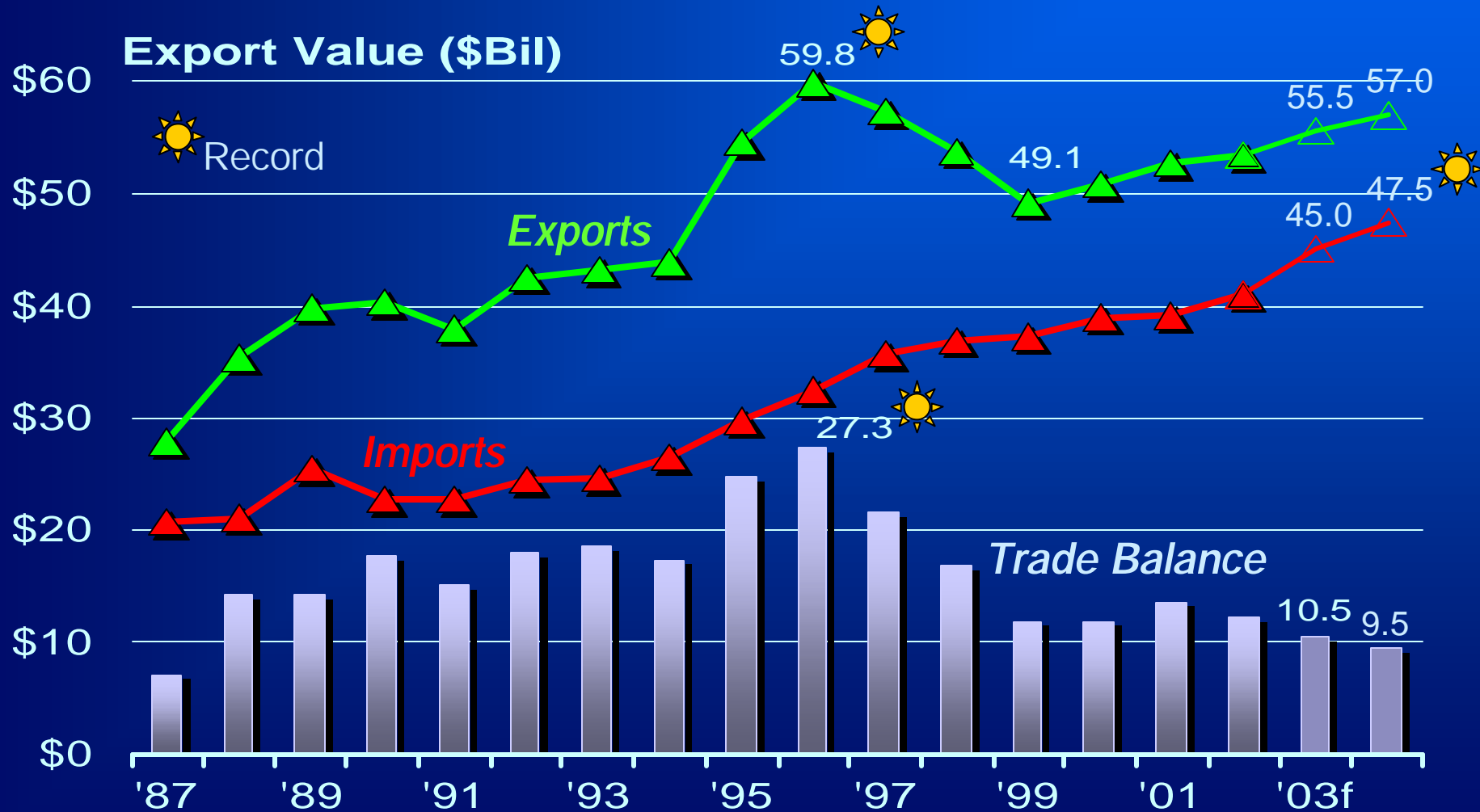
(FY '03 AgExport Forecast Falls \$500 Million to \$55.5 Billion)

USDA's "Outlook for U.S. Agricultural Trade"
was released on August 26th, 2003

Prepared by Foreign Agricultural Service/USDA

U.S. Agricultural Trade

Improved outlook for wheat & cotton spearhead \$1.5-billion rise in 2004 exports; meats & fruit also support overall gain. Horticultural products account for over ½ of \$2.5-billion import gain. Surplus cut to \$9.5 billion.



Key Changes in Export Projections

Fiscal 2003 to 2004

	Final FY 2002	Aug FY '03 For.	Aug FY '04 Proj.	03/04 Chg	Main Reasons
Wheat/flour (\$Bils)	3.605	3.8	4.4	+0.6	(+) volume offsets (-) price
Soybeans (\$Bils)	5.468	6.5	5.7	-0.8	(-) volume/price
Broiler Meat (\$Bils)	1.546	1.4	1.6	+0.2	no further disease outbreaks
Cotton (\$Bils)	2.052	2.8	3.5	+0.7	reduced global stocks
Wheat (mmt)	25.353	22.7	27.5	+4.8	Ukraine/Rus/EU comp./US crop
Corn (mmt)	46.913	41.0	46.0	+5.0	China comp./US crop
Soybeans (mmt)	28.987	28.3	27.2	-1.1	SAm comp./Canadian rapeseed

Fiscal 2004 country forecasts will not be available until November 2003.

Commodity/Country 2003 Export Forecasts

Key Changes in Fiscal '03 Forecasts since May

	Final FY 2002	May FY '03 For.	Aug FY '03 For.	May/Aug Chg	Main Reasons
Corn (\$ Bils)	4.581	4.7	4.6	-0.1	(-) volume
Wheat/flour (\$Bils)	3.605	4.0	3.8	-0.2	(-) volume swamps (+) price
Cotton (\$Bils)	2.052	2.6	2.8	+0.2	(+) volume – China demand
Hort. (\$Bils)	11.109	11.6	11.8	+0.2	(+) volume wine & essential oils
Corn (mmt)	46.913	42.0	41.0	-1.0	competition w/ China
Wheat (mmt)	25.353	24.0	22.7	-1.3	slow late-season shipments
Soybeans (mmt)	28.897	27.5	28.3	+0.8	China's demand

- EU-15 -\$900 million to \$5.8 billion (soybeans & meal, tobacco leaf)
 - China +\$400 million to \$3.5 billion (soybeans, cotton)
 - Canada & Mexico remain unchanged at \$9.1 billion and \$7.6 billion
 - Japan +\$200 million to \$9 billion
- (U.S. ag exports to Western Hemisphere and Asia are running neck and neck)

Export Outlook for Grain & Feed Products

Revised FY 2003 Forecast:  \$400 Million to \$14.9 Billion

Initial FY 2004 Projection:  \$600 Million to \$15.5 Billion

Revised FY 2003 Forecast

Key Developments

- Slow late-season wheat sales
- Stronger competition from China & Brazil in corn markets

Initial FY 2004 Projection

Key Upside Developments

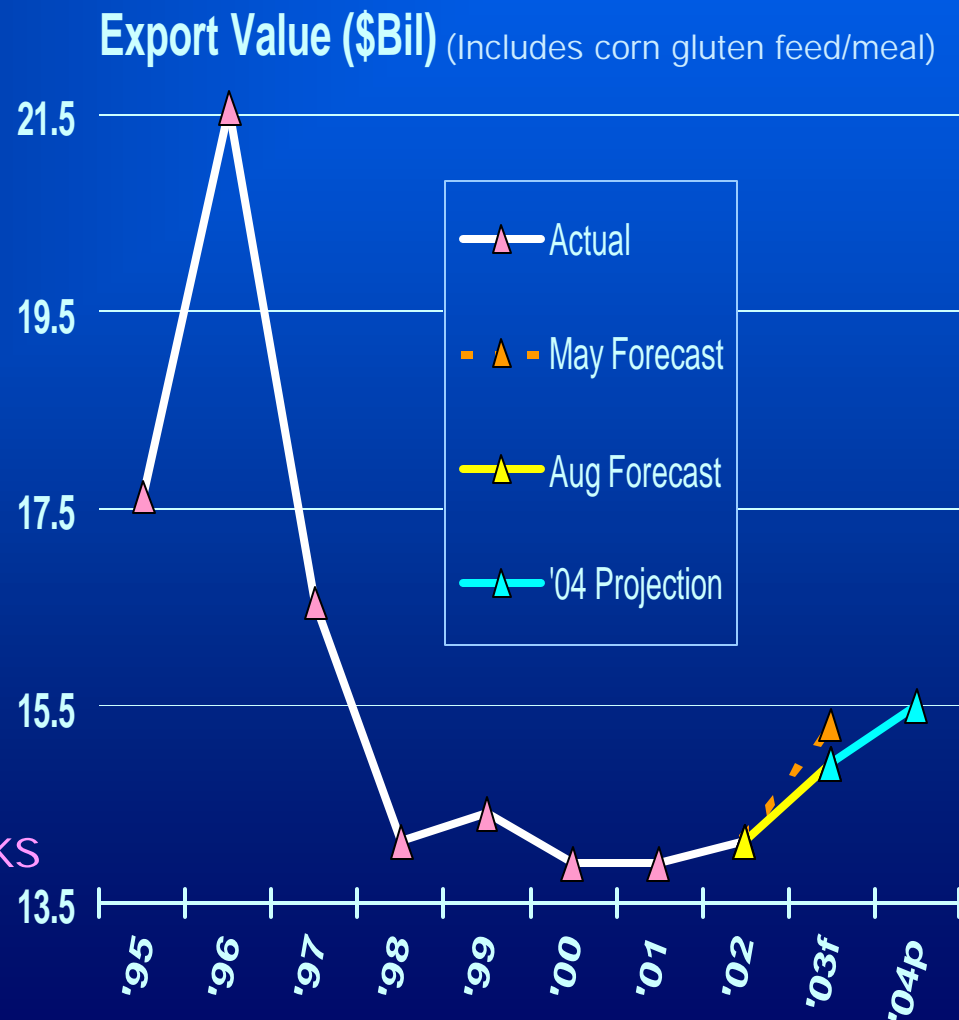
- Ample US wheat & corn supply
- Less competition from Ukraine, Russia, and EU in wheat markets

Key Downside Developments

- Tighter US rice supplies
- Record Brazil corn crop/large stocks

Wild Cards

- China's corn exports



Export Outlook for Oilseeds & Products

Revised FY 2003 Forecast:  \$100 Million to \$10.1 Billion
Initial FY 2004 Projection:  \$1.0 Billion to \$9.1 Billion

Revised FY 2003 Forecast

Key Developments

- Record China soybean imports boost US soybeans 800,000 mt

Initial FY 2004 Projection

Key Upside Developments

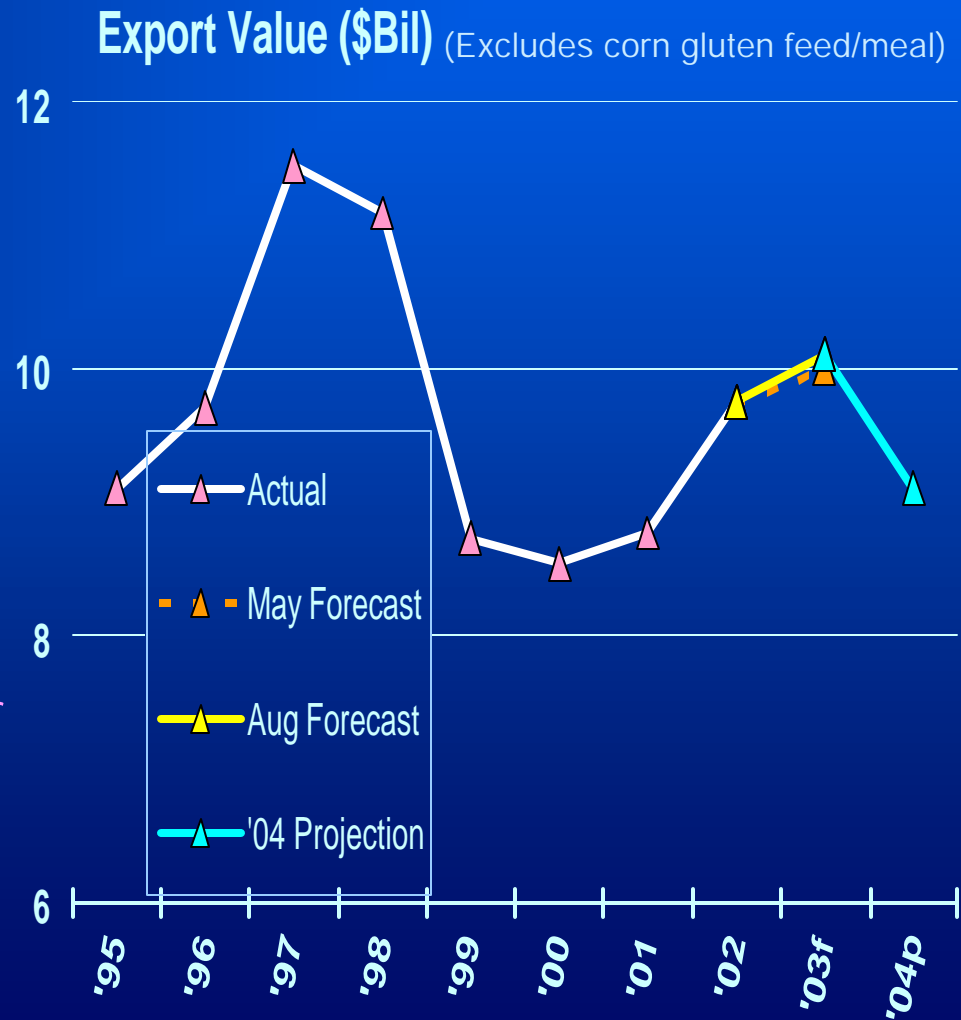
- Short grain supplies in Europe increase protein meal demand

Key Downside Developments

- Competition w/ S America, slower import growth from China, & rebound in global rapeseed crop impact US soybean & oil exports

Wild Cards

- South American production



Export Outlook for Cotton & Linters

Revised FY 2003 Forecast:  \$200 Million to \$2.8 Billion
Initial FY 2004 Projection:  \$700 Million to \$3.5 Billion

Revised FY 2003 Forecast

Key Developments

- Exports higher than expected supported by strong China sales

Initial FY 2004 Projection

Key Upside Developments

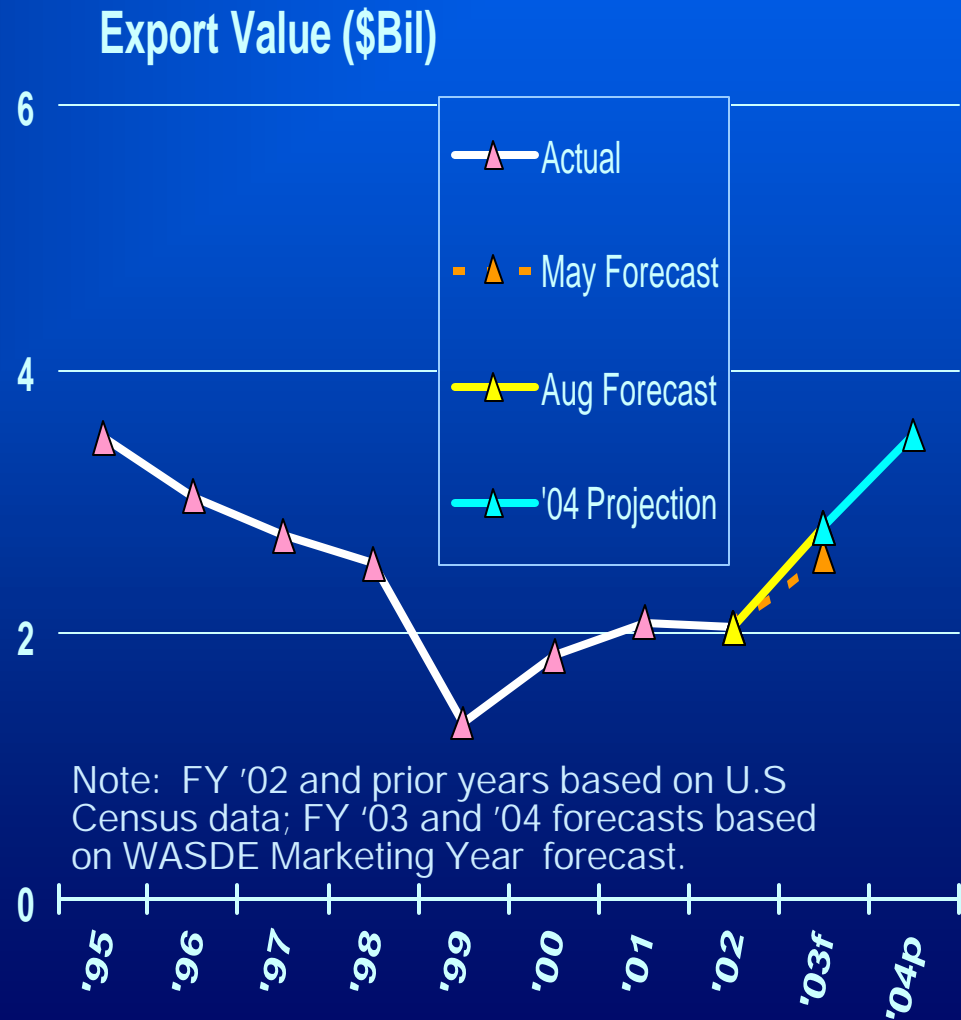
- World demand stays strong; consumption outstrips production

Key Downside Developments

- World production up significantly

Wild Cards

- China's administration of TRQ uncertain
- Prices for synthetics uncertain



Export Outlook for Dairy, Livestock & Poultry

Revised FY 2003 Forecast:  \$300 Million to \$11.6 Billion

Initial FY 2004 Projection:  \$800 Million to \$12.4 Billion

Revised FY 2003 Forecast

Key Developments

- Cattle exports to Canada down
- Lower prices for pork & poultry

Initial FY 2004 Projection

Key Upside Developments

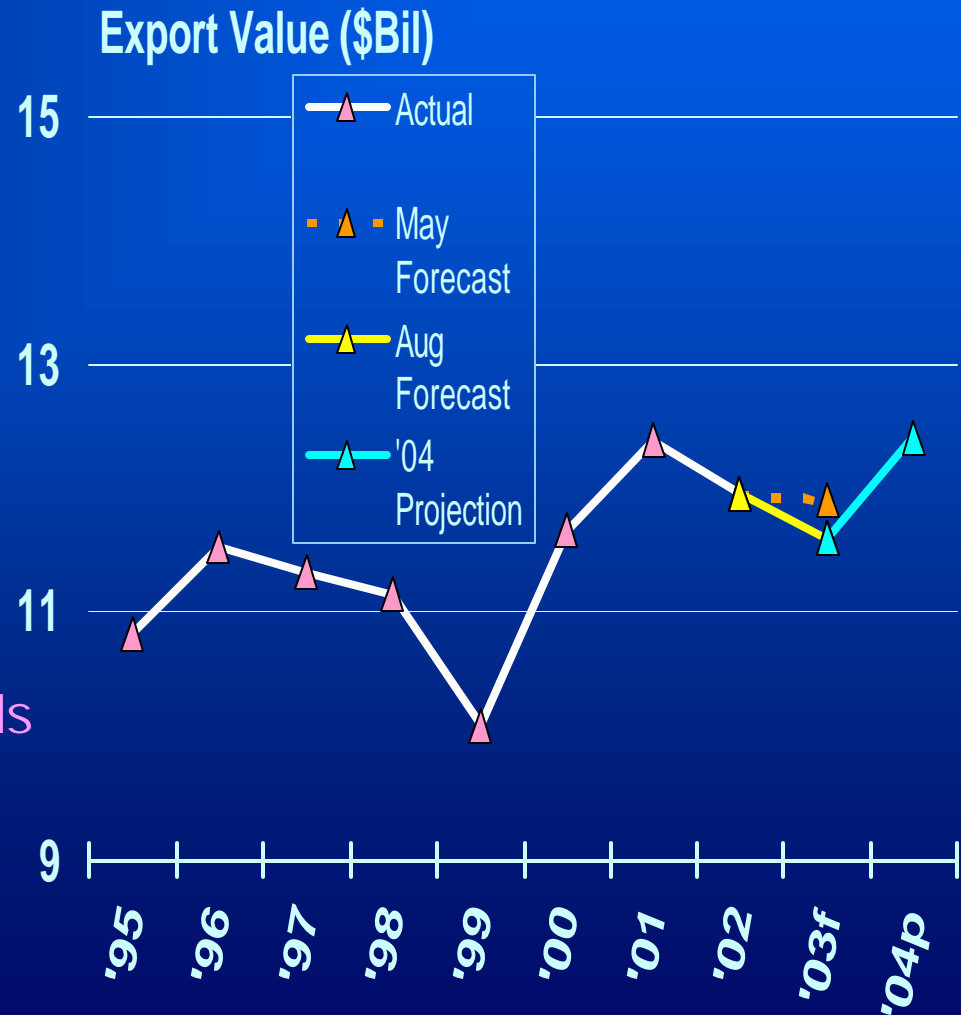
- Anticipated recovery of US pork & broiler meat prices

Key Downside Developments

- Japanese pork & beef safeguards

Wild Cards

- Impact of Mexico's antidumping case on pork
- Russian poultry quota



Export Outlook for Horticultural Products

Revised FY 2003 Forecast:  \$200 Million to \$11.8 Billion
Initial FY 2004 Projection:  \$200 Million to \$12.0 Billion

Revised FY 2003 Forecast

Key Developments

- Very strong sales of wine & essential oils; strong sales to key mkts (Canada, Mexico, EU)

Initial FY 2004 Projection

Key Upside Developments

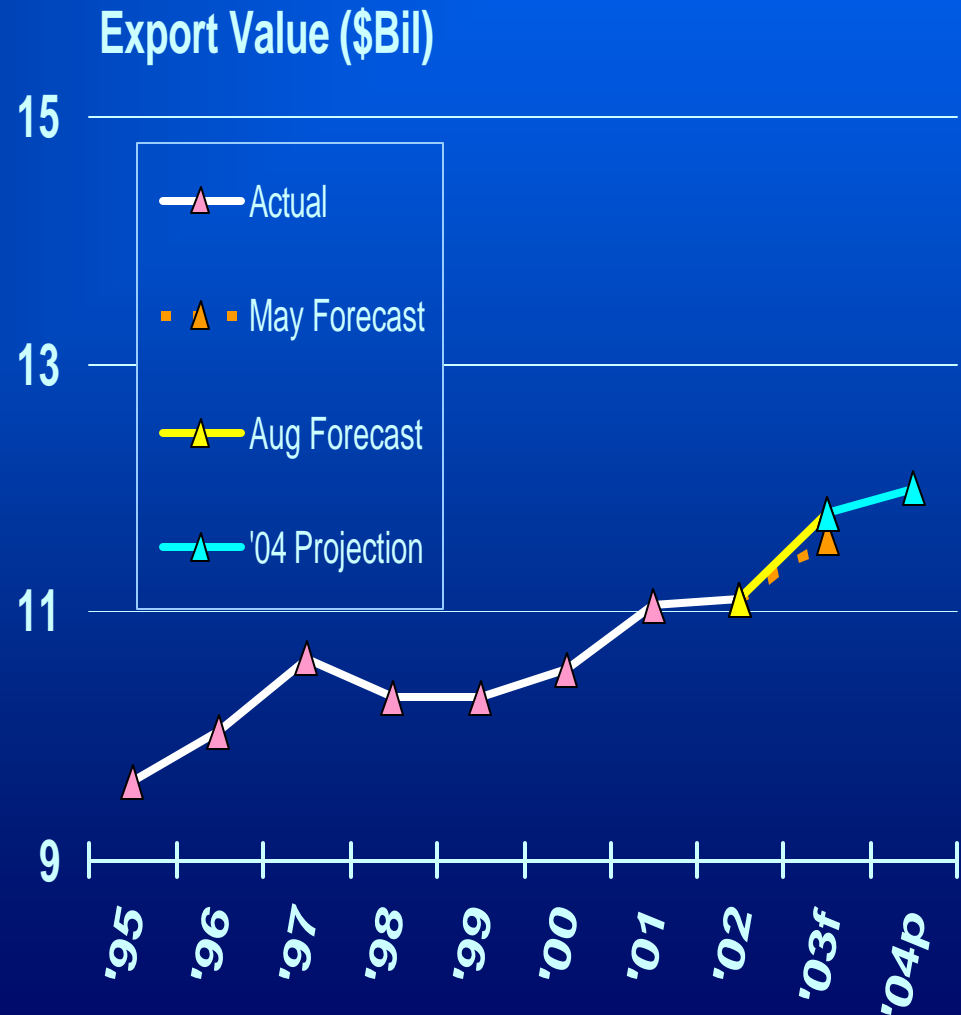
- Good apple, pear, citrus crops
- Tree nut sales expand
- Wine exports continue strong

Key Downside Developments

- Vegetable sales are stagnant

Wild Cards

- Crop sizes; global economy



Export Outlook for Fishery Products

Revised FY 2003 Forecast: Unchanged at \$3.0 Billion
Initial FY 2004 Projection:  \$100 Million to \$3.1 Billion

Revised FY 2003 Forecast

Key Developments

- Excellent 2003 salmon harvest; Sockeye salmon up 30% over 2002

Initial FY 2004 Projection

Key Upside Developments

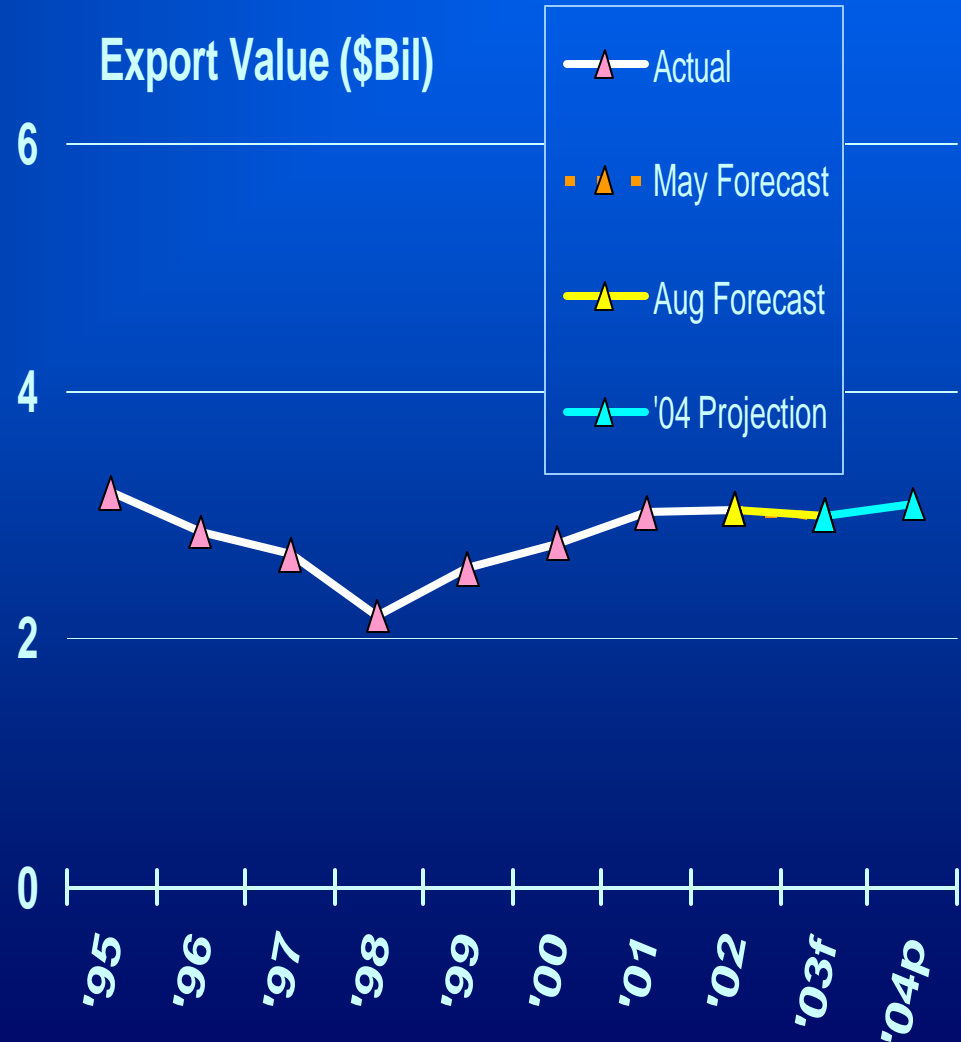
- Large supply of canned pink and sockeye (Red) salmon

Key Downside Developments

- Prices reflect large supplies

Wild Cards

- Uncertainty of U.S. harvests of salmon, squid, and other species



Export Outlook for Solid Wood Products

Revised FY 2003 Forecast: Unchanged at \$4.9 Billion
Initial FY 2004 Projection:  \$100 Million to \$5.0 Billion

Revised FY 2003 Forecast

Key Developments

- Exports to Canada rising on strength of hardwood lumber and favorable exchange rate

Initial FY 2004 Projection

Key Upside Developments

- Mexico's maquiladoras to use more U.S. lumber
- EU hardwood market recovery

Key Downside Developments

- Japan's housing starts could fall 2% to 1.13 million units

Wild Card

- U.S. housing starts

